

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

64-1050

GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended March 31, 2004

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Elbridge	County Oceana
Audit Date March 31, 2004	Opinion Date July 21, 2004	Date Accountant Report Submitted to State: July 21, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686	City Bay City	State MI	Zip 48707
Accountant Signature Campbell, Kusterer & Co., P.C.			

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

July 21, 2004

To the Township Board
Township of Elbridge
Oceana County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Elbridge, Oceana County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Elbridge's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Elbridge, Oceana County, Michigan, as of March 31, 2004, and the results of its operations and the cash flows of its trust fund for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Elbridge, Oceana County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

EXHIBIT A

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Total</u>
	<u>General</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>(Memorandum Only)</u>
<u>Assets</u>				
Cash in bank and investments	236 366 07	50 750 14	-	287 116 21
Taxes receivable	11 522 22	-	-	11 522 22
Due from other funds	80 89	-	-	80 89
Land and improvements	-	-	10 018 03	10 018 03
Building	-	-	12 172 54	12 172 54
Equipment	-	-	16 123 78	16 123 78
Total Assets	<u>247 969 18</u>	<u>50 750 14</u>	<u>38 314 35</u>	<u>337 033 67</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Due to other funds	-	80 89	-	80 89
Total liabilities	-	<u>80 89</u>	-	<u>80 89</u>
Fund equity:				
Investment in general fixed assets	-	-	38 314 35	38 314 35
Fund balances:				
Reserved for cemetery care	-	50 669 25	-	50 669 25
Unreserved:				
Undesignated	247 969 18	-	-	247 969 18
Total fund equity	<u>247 969 18</u>	<u>50 669 25</u>	<u>38 314 35</u>	<u>336 952 78</u>
Total Liabilities and Fund Equity	<u>247 969 18</u>	<u>50 750 14</u>	<u>38 314 35</u>	<u>337 033 67</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B

Page 1

	<u>Governmental Fund Type</u>
	<u>General</u>
Revenues:	
Property taxes	75 458 95
Licenses and permits	1 110 00
State revenue sharing	96 537 00
Charges for services – fees:	
Property tax administration	5 450 32
Interest	7 180 76
Miscellaneous	<u>4 543 71</u>
Total revenues	<u>190 280 74</u>
Expenditures:	
Legislative:	
Township Board	3 716 23
General government:	
Supervisor	4 461 90
Assessor	4 528 00
Clerk	5 402 08
Board of Review	856 55
Treasurer	11 350 38
Building and grounds	10 695 13
Unallocated	1 894 69
Public safety:	
Fire protection	49 621 08
Zoning	4 483 10
Public works:	
Highways and streets	95 909 61
Culture and recreation:	
Culture	135 90
Other:	
Fringe benefits	<u>1 794 82</u>
Total expenditures	<u>194 849 47</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES
Year Ended March 31, 2004

EXHIBIT B
Page 2

	<u>Governmental Fund Type</u>
	<u>General</u>
Excess (deficiency) of revenues over expenditures	<u>(4 568 73)</u>
Other financing sources (uses):	
Operating transfers out	<u>(1 112 99)</u>
Excess (deficiency) of revenues over expenditures and other uses	(5 681 72)
Fund balance, April 1	<u>253 650 90</u>
Fund Balance, March 31	<u>247 969 18</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

Year Ended March 31, 2004

EXHIBIT C

Page 1

	General Fund		
	Budget	Actual	Over (Under) Budget
Revenues:			
Property taxes	70 176 00	75 458 95	5 282 95
Licenses and permits	540 00	1 110 00	570 00
State revenue sharing	75 598 00	96 537 00	20 939 00
Charges for services – fees:			
Property tax administration	6 775 00	5 450 32	(1 324 68)
Interest	10 000 00	7 180 76	(2 819 24)
Miscellaneous	10 541 00	4 543 71	(5 997 29)
Total revenues	<u>173 630 00</u>	<u>190 280 74</u>	<u>16 650 74</u>
Expenditures:			
Legislative:			
Township Board	7 650 00	3 716 23	(3 933 77)
General government:			
Supervisor	4 525 00	4 461 90	(63 10)
Elections	800 00	-	(800 00)
Assessor	4 915 00	4 528 00	(387 00)
Clerk	6 750 00	5 402 08	(1 347 92)
Board of Review	1 650 00	856 55	(793 45)
Treasurer	12 750 00	11 350 38	(1 399 62)
Buildings and grounds	17 150 00	10 695 13	(6 454 87)
Cemetery	5 000 00	-	(5 000 00)
Unallocated	15 000 00	1 894 69	(13 105 31)
Public safety:			
Fire protection	50 177 00	49 621 08	(555 92)
Zoning	4 630 00	4 483 10	(146 90)
Public works:			
Highways and streets	134 000 00	95 909 61	(38 090 39)
Culture and recreation:			
Culture	3 601 90	135 90	(3 466 00)
Other:			
Fringe benefits	1 910 55	1 794 82	(115 73)
Contingency	52 273 55	-	(52 273 55)
Total expenditures	<u>322 783 00</u>	<u>194 849 47</u>	<u>(127 933 53)</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

Year Ended March 31, 2004

EXHIBIT C
Page 2

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Excess (deficiency) of revenues over expenditures	<u>(149 153 00)</u>	<u>(4 568 73)</u>	<u>144 584 27</u>
Other financing sources (uses):			
Operating transfers out	<u>-</u>	<u>(1 112 99)</u>	<u>(1 112 99)</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>(149 153 00)</u>	<u>(5 681 72)</u>	<u>143 471 28</u>
Fund balance, April 1	<u>150 000 00</u>	<u>253 650 90</u>	<u>103 650 90</u>
Fund Balance, March 31	<u>847 00</u>	<u>247 969 18</u>	<u>247 122 18</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE – CEMETERY PERPETUAL CARE FUND

Year Ended March 31, 2004

EXHIBIT D

Operating revenues	<u>431 62</u>
Operating expenses:	
Wages	2 970 61
Repairs and maintenance	60 39
Supplies	<u>407 41</u>
Total operating expenses	<u>3 438 41</u>
Operating income (loss)	<u>(3 006 79)</u>
Nonoperating revenues:	
Interest income	1 938 75
Transfers from other funds	<u>1 112 99</u>
Total nonoperating revenues	<u>3 051 74</u>
Net income	44 95
Fund balance, April 1	<u>50 624 30</u>
Fund Balance, March 31	<u><u>50 669 25</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

COMBINED STATEMENT OF CASH FLOWS –
CEMETERY PERPETUAL CARE FUND
Year Ended March 31, 2004

EXHIBIT E

Cash flows from operating activities:	
Cash received from customers	431 62
Cash payments to suppliers for goods and services	<u>(3 438 41)</u>
Net cash provided (used) for operating activities	<u>(3 006 79)</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	<u>1 112 99</u>
Total cash provided from noncapital financing activities	<u>1 112 99</u>
Cash flows from investing activities:	
Interest income	<u>1 938 75</u>
Net cash provided (used) for investing activities	<u>1 938 75</u>
Net increase (decrease) in cash and cash equivalents	44 95
Cash and cash equivalents, April 1	<u>50 624 30</u>
Cash and Cash Equivalents, March 31	<u><u>50 669 25</u></u>
Reconciliation of operating income to net cash provided (used) for operating activities:	
Operating income (loss)	<u>(3 006 79)</u>
Net Cash Provided (Used) for Operating Activities	<u><u>(3 006 79)</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Elbridge, Oceana County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Elbridge. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Fund

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others. The Cemetery Perpetual Care Fund is reserved for cemetery care.

Account Group

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2003 tax roll millage rate was 4.1419 mills and the taxable value was \$18,378,022.00.

Fixed Assets

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts as required by generally accepted accounting principles.

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budgets for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 2 – Deposits and Investments (continued)

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>177 721 80</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	175 540 00
Uninsured and Uncollateralized	<u>2 181 80</u>
Total Deposits	<u>177 721 80</u>

The Township's investments are categorized below to give an indication of the level of risk assumed by the Township. Risk category 1 includes those investments that meet any one of the following criteria: insured, registered, or held by the Township or its agent. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by the counterparty or the counterparty's trust department (or agent) but not in the Township's name.

The GASB Statement No. 3 risk disclosures for the Township's investments are categorized as follows:

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
<u>Investment Type</u>				
Risk-Categorized:				
Operating Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 2 – Deposits and Investments (continued)

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
Total Risk-Categorized Investments	<u>-</u>	<u>-</u>	<u>-</u>	-
Nonrisk-Categorized: Financial Institution Pooled Funds				<u>109 394 41</u>
Total Investments				<u>109 394 41</u>

The financial institution pooled funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in the funds comply with the investment authority noted above.

Note 3 – Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land and improvements	10 018 03	-	-	10 018 03
Building	12 172 54	-	-	12 172 54
Equipment	<u>16 123 78</u>	<u>-</u>	<u>-</u>	<u>16 123 78</u>
Totals	<u>38 314 35</u>	<u>-</u>	<u>-</u>	<u>38 314 35</u>

Note 4 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>80 89</u>	Current Tax Collection	<u>80 89</u>

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 5 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 6 – Pension Plan

The Township has a defined contribution pension plan covering substantially all full time employees. During the year ended March 31, 2004, the Township contributed \$1,341.53 to the plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Transfers In and Transfers Out

For the fiscal year ended, March 31, 2004, the Township made the following interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
Cemetery	<u>1 112 99</u>	General	<u>1 112 99</u>
Total	<u>1 112 99</u>	Total	<u>1 112 99</u>

Note 9 – Building Permits

The Township of Elbridge does not issue building permits. Building permits are issued by the County of Oceana.

Note 10 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT F
Page 1

Township Board:	
Salaries and wages	1 100 00
Memberships and dues	608 49
Printing and publishing	298 00
Insurance	900 00
Miscellaneous	809 74
	<u>3 716 23</u>
Supervisor:	
Salary	4 000 00
Office supplies	461 90
	<u>4 461 90</u>
Assessor:	
Salary	4 000 00
Office supplies	322 00
Printing and publishing	81 00
Memberships and dues	125 00
	<u>4 528 00</u>
Clerk:	
Salary – Clerk	4 500 00
Salary – Deputy	150 00
Office supplies	403 08
Miscellaneous	249 00
Education and training	100 00
	<u>5 402 08</u>
Board of Review:	
Wages	705 00
Miscellaneous	151 55
	<u>856 55</u>
Treasurer:	
Salary – Treasurer	5 645 87
Salary – Deputy	150 00
Office supplies	474 52
Printing and publishing	3 756 84
Miscellaneous	1 323 15
	<u>11 350 38</u>
Building and grounds:	
Operating supplies	867 11
Insurance	4 155 00
Utilities	248 15
Repairs and maintenance	5 307 51
Miscellaneous	117 36
	<u>10 695 13</u>

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT F
Page 2

Unallocated:	
Legal	<u>1 894 69</u>
Fire protection:	
Contracted services	<u>49 621 08</u>
Zoning:	
Wages	3 720 03
Printing and publishing	<u>763 07</u>
	<u>4 483 10</u>
Highways and streets:	
Contracted services	<u>95 909 61</u>
Cultural:	
Recreation	<u>135 90</u>
Fringe benefits	<u>1 794 82</u>
Total Expenditures	<u><u>194 849 47</u></u>

TOWNSHIP OF ELBRIDGE
Oceana County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended March 31, 2004

EXHIBIT G

	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>Assets</u>				
Cash in bank and investments	<u>733 50</u>	<u>480 718 80</u>	<u>481 371 41</u>	<u>80 89</u>
<u>Liabilities</u>				
Due to General Fund	162 16	69 534 34	69 615 61	80 89
Due to others	<u>571 34</u>	<u>411 184 46</u>	<u>411 755 80</u>	<u>-</u>
Total Liabilities	<u>733 50</u>	<u>480 718 80</u>	<u>481 371 41</u>	<u>80 89</u>

CAMPBELL, KUSTERER & CO., P.C.

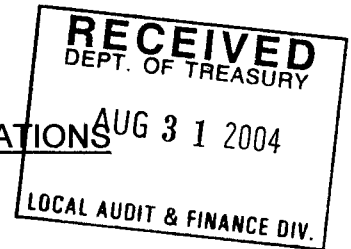
CERTIFIED PUBLIC ACCOUNTANTS

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P.O. BOX 686
BAY CITY, MICHIGAN 48707

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FAX (989) 894-5494

AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS



July 21, 2004

To the Township Board
Township of Elbridge
Oceana County, Michigan

We have audited the financial statements of the Township of Elbridge, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Elbridge in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Township Board
Township of Elbridge
Oceana County, Michigan

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Township Board
Township of Elbridge
Oceana County, Michigan

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of Elbridge will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer: Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants